

## Message Text

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PAGE 01 BUENOS 01772 111825Z

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ACTION ARA-20

INFO OCT-01 ISO-00 L-03 EB-11 CIAE-00 DODE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 SY-10

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R 111530Z MAR 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5596

INFO USDOC WASHDC

UNCLAS BUENOS AIRES 1772

E.O. 11652: N/A

TAGS: BEXP, BTRA, AR.

SUBJECT: U.S. FIRM MAY LOSE \$5 MILLION CONTRACT BECAUSE  
OF CONCERN ABOUT ARGENTINE TERRORISM.

1. DURING PAST THREE MONTHS BENDIX INTERNATIONAL HAS BEEN ENGAGED IN ADVANCED STAGE OF NEGOTIATIONS WITH ARGENTINE AIR FORCE (AAF) FOR THE SALE OF A RADAR SYSTEM WHICH WOULD FORM BASIS OF AN AIR DEFENSE SYSTEM FOR ARGENTINA'S RECENTLY ACQUIRED MIRAGE AIRCRAFT. INITIAL CONTRACT WOULD BE WORTH APPROXIMATELY \$5 MILLION BUT THERE WOULD PROBABLY BE SUBSTANTIAL FOLLOW-ON SALES.

2. BENDIX NEGOTIATING TEAM ALMOST CANCELLED TRIP FOR CRUCIAL DISCUSSIONS IN JANUARY BECAUSE OF CONCERNS ABOUT ARGENTINE INTERNAL SECURITY SITUATION. BENDIX HIERARCHY REPORTEDLY QUESTIONED WHETHER RISK TO PERSONNEL (KIDNAPPING, PHYSICAL HARM) AND TO FIRM (PAYMENT OF RANSOM) WAS GREATER THAN VALUE OF POTENTIAL CONTRACT. RESERVATIONS WERE OVERCOME AND MOST OF TEAM MADE VISIT.

3. REGIONAL BENDIX REPRESENTATIVE, AMCIT BASED IN SAO PAULO, AND ANOTHER HOME OFFICE OFFICIAL ARE NOW IN BUENOS AIRES AND THEY ARE HOPEFUL THAT CONTRACT NEGOTIATIONS WILL BE SUCCESSFULLY CONCLUDED MOMENTARILY.

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PAGE 02 BUENOS 01772 111825Z

THEIR MAJOR WORRY AT PRESENT IS THAT ALL OUTSTANDING

TECHNICAL AND FINANCIAL QUESTIONS OR DIFFERENCES WILL BE RESOLVED BUT THAT BENDIX INTERNATIONAL WILL DELAY FINAL CONTRACT SIGNING BECAUSE OF COMPANY UNWILLINGNESS SEND AMCIT EMPLOYEES TO ARGENTINA FOR MORE THAN VERY BRIEF STAYS. ONCE CONTRACT IS SIGNED AND EQUIPMENT IS READY A SMALL NUMBER OF BENDIX TECHNICIANS WILL HAVE TO SPEND 2-3 MONTHS IN ARGENTINA FOR INSTALLATION, TESTING AND TRAINING OF AAF OPERATORS. TWO BENDIX OFFICIALS PRESENTLY IN BUENOS AIRES ARE FEARFUL THAT DELAYS BY BENDIX, ONCE AAF READY TO PROCEED, MAY JEOPARDIZE ENTIRE DEAL (EMBASSY CONCURS THAT DEAL MAY BE LOST IF THERE ARE DELAYS) AND THEY HAVE ASKED THE EMBASSY TO USE ITS INFLUENCE TO ALLAY HEAD OFFICE CONCERNS.

4. ACTION REQUESTED: PROVIDING DEPARTMENT CONCURS, ADVISE MR. SPENCER ROSS, VICE PRESIDENT, BENDIX INTERNATIONAL, 1633 BROADWAY, NEW YORK., TEL 212-262-751 OF THE SUBSTANCE OF THE FOLLOWING. TO DATE, NO FOREIGN BUSINESSMAN VISITING OR TEMPORARILY ASSIGNED TO ARGENTINA HAS BEEN KIDNAPPED OR SUBJECTED TO ANY OTHER TYPE OF TARGETED TERRORIST ACTION. IN PRESENT CIRCUMSTANCES, EMBASSY BELIEVES, THAT THREAT POSED BY EXTREMIST POLITICAL GROUPS OR COMMON CRIMINALS EMULATING TERRORIST SUCCESSES TO TRANSIENT BUSINESSMEN OR TEMPORARILY ASSIGNED FOREIGN PERSONNEL TO BE MINIMAL. BECAUSE OF THE RELATIVE EASE WITH WHICH THEY CAN BE IDENTIFIED AND SUBJECTED TO SURVEILLANCE, THE FOREIGN VICTIMS OF KIDNAPPING ATTEMPTS ARE ALMOST ALWAYS SENIOR EXECUTIVES WHO HAVE ESTABLISHED HOUSEHOLDS AND WHO WORK FOR FIRMS THAT ARE WELL-ESTABLISHED AND WELL-KNOWN LOCALLY. ADDITIONAL FACTOR WHICH SHOULD ALLAY BENDIX'S CONCERNS IS THAT THEIR TECHNICIANS WOULD BE WORKING ON A RESTRICTED AAF FACILITY WITH AAF PERSONNEL THAT HAVE GOA SECURITY CLEARANCES.

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